

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION**

In re:	)	Chapter 11
	)	
Squirrels Research Labs LLC,	)	Case No. 21-61491
	)	(Request for Joint Administration Pending)
Debtor.	)	
	)	Judge Russ Kendig
An Ohio Limited Liability Company	)	
(Employer Tax I.D. No. 83-0829310)	)	
_____	)	
	)	
In re:	)	Chapter 11
	)	
The Midwest Data Company LLC,	)	Case No. 21-61492
	)	
Debtor.	)	
	)	Judge Russ Kendig
An Ohio Limited Liability Company	)	
(Employer Tax I.D. No. 84-3221213)	)	

**DECLARATION OF DAVID STANFILL IN SUPPORT  
OF MOTION FOR AN ORDER (A)(I) ESTABLISHING AND APPROVING BID  
PROCEDURES RELATED TO THE SALE OF CERTAIN OF THE DEBTORS' ASSETS  
PURSUANT TO 11 U.S.C. § 105(A), INCLUDING THE DESIGNATION OF A  
STALKING HORSE BIDDER AND RELATED BID PROTECTIONS; (II) APPROVING  
CONTRACT/LEASE ASSUMPTION AND ASSIGNMENT PROCEDURES AND THE  
FORM AND NOTICE THEREOF; (III) SCHEDULING THE AUCTION; (IV)  
SCHEDULING A HEARING AND OBJECTION DEADLINE WITH RESPECT TO THE  
SALE; (V) APPROVING THE FORM AND NOTICE THEREOF; AND (VI) GRANTING  
RELATED RELIEF; AND (B)(I) AUTHORIZING SALE OF CERTAIN OF DEBTOR'S  
PROPERTIES FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND  
INTERESTS PURSUANT TO 11 U.S.C. §§ 105 AND 363; AND (II) APPROVING  
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND  
UNEXPIRED LEASES; AND (C) GRANTING RELATED RELIEF**

I, David Stanfill, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury  
that the following is true and correct:

1. I am the president of Squirrels Research Labs LLC ("SQRL" or "Debtor"). I am

familiar with the operations and business affairs of the Debtor.

2. I am the president of The Midwest Data Company LLC (“MWDC” or “Debtor,” and collectively with SQRL, the “Debtors”). I am familiar with the operations and business affairs of MWDC.

3. I submit this declaration (the “Declaration”) in support of the Motion for an Order (A)(I) Establishing and Approving Bid Procedures Related to the Sale of Certain of the Debtors’ Assets Pursuant to 11 U.S.C. §§ 105(A), Including the Designation of a Stalking Horse Bidder and Related Bid Protections; (II) Approving Contract/Lease Assumption and Assignment Procedures and the Form and Notice Thereof; (III) Scheduling the Auction; (IV) Scheduling a Hearing and Objection Deadline With Respect to the Sale; (V) Approving the Form and Notice Thereof; and (VI) Granting Related Relief; and (B)(I) Authorizing Sale of Certain of Debtors’ Assets Free and Clear of Liens, Claims, Encumbrances and Interests Pursuant to 11 U.S.C. §§ 105 and 363; and (II) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief filed on November 23, 2021.

4. All of the facts set forth in this Declaration are based on my personal knowledge and/or upon information supplied to me by others at the Debtors’ businesses, or upon my review of relevant documents, or my opinion based upon my experience and knowledge of the Debtors’ operations and financial condition. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

## **PART I BACKGROUND**

5. On November 23, 2021 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under the Bankruptcy Code. The Debtors are continuing to operate their businesses as debtors in possession pursuant to section 1184 of the Bankruptcy Code.

6. SQRL is an Ohio limited liability company headquartered in North Canton, OH. SQRL creates, manufactures, and repairs hardware, including Datacenter Accelerator Boards, used in cryptocurrency mining machines.

7. MWDC is an Ohio limited liability company headquartered in North Canton, Ohio. MWDC provides hosting services for cryptocurrency mining machines.

8. Debtors' business operations are housed in two locations: 8050 Freedom Avenue, North Canton, OH 44720 pursuant to a lease with One Haines Company, LLC and 7579 Freedom Avenue, NW, North Canton, OH 44720 pursuant to a lease with Skymax.

## **PART II MARKETING AND SALE EFFORTS**

9. Since March of 2019, as set forth more fully in my Declaration previously filed with the Court on November 23, 2021, SQRL has carried significant trade debt with a senior secured lender, Avnet. The existence of Avnet's blanket security interest has made it more challenging to locate a ready suitor for the purchase of SQRL's assets.

10. SQRL unsuccessfully solicited arm's length potential acquisition and investment starting in fall of 2018, continuing again in June of 2019, and subsequently in June of 2020.

11. In the fall of 2020, Fleur de Lis ("FDLD") entered into an agreement for the purchase of SQRL's assets. The dealings with FDLD proved challenging in part because following the execution of the purchase agreement, FDLD's principle, after executing the purchase agreement at the end of 2020, sought inpatient services for mental health reasons in January and subsequently defaulted on the agreement with SQRL. This matter is the subject of litigation currently pending in Stark County, Ohio Court of Common Pleas.

12. SQRL has spoken to and discussed with several other customers and entities in its industry and in related industries about a sale of investment. None of these efforts proved fruitful

given the lack of interest in dealing with the senior secured lender's position.

13. In addition, the global semiconductor crisis has become the central issue impacting SQRL's operations and market appeal. Since June 2021, SQRL has been unable to obtain any of the specialized semiconductor chips it requires to build products for sale or to operate its business.

14. By way of example, historically, the necessary chips were available in 8 to 12 weeks. At present, the main vendors of these chips are quoting all cash in advance, non-cancellable, non-returnable orders with an estimated availability ranging from 52 to 72 weeks.

15. This shortage has severely crippled operations and the value of the business and limited its market potential to entities in other lines of business who are willing to wait substantial periods of time to resume creating and producing SQRL's hardware.

16. Instantiation, the stalking horse bidder, is the single largest owner of products that SQRL previously sold, which makes their motivation for acquiring the assets of the Debtors and the product specific bill of material assets for repair or further production significant. Particularly so, in comparison to other potential suitors who would be interested in only a subset of the Debtors' assets.

17. From the Petition Date forward, in order to solicit bids for the Debtors' assets and/or bids for component assets and equipment, the Debtors intend to post and communicate about the sale and auction on the online forums and message boards, including *Discord* chat rooms, where SQRL has previously communicated with and generated most of its customers and leads. The Debtors will also send marketing details with information on the Debtors and their assets to previous large customers with the resources to consider the purchase of the assets. Debtors will communicate with their main vendors for the type of hardware SQRL develops in

order to solicit information on other companies dealing with related technologies in different lines of business that may have an interest in the Debtors' assets.

18. The Debtors request the Court consider entry of the bidding procedures on an expedited basis in order to lend stability to the Debtor's operations and allow Debtors to move towards a completed sale swiftly.

### **CONCLUSION**

For the reasons stated herein and, in the Motion, I respectfully request the Court grant the relief requested. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

December 1, 2021

  
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David Stanfill